South Florida Sun-Sentinel
March 27, 2005

Face to Face: A Conversation With...Elias Antonio Saca

CAFTA One Key For El Salvador

By Doreen Hemlock, Business Writer

El Salvador's President Elias Antonio "Tony" Saca spoke with the South Florida Sun-Sentinel during a recent visit to Miami to address a dinner for the Salvadoran Foundation of Florida.

Following is an edited version of the interview, translated from Spanish.

Q. Why do you support the U.S.-Dominican Republic-Central American Free Trade Agreement known as CAFTA? And why is CAFTA important now?

A. Central America has transformed since the 1980s. It's democratic; our economies are more open. One way to reward the region for this progress and help make it more prosperous is by approving a free-trade agreement.

We need CAFTA to lock in clear rules for trade with our largest business partner, the United States. About 60 percent of El Salvador's exports now go to the United States. So, we want the U.S. duty-free access we already have to become permanent.

For the United States, it's a matter of national security. Helping to create jobs in Central America keeps more people from trying to leave our region for the United States.

CAFTA also is a step toward the Free Trade Area of the Americas. It extends the North American Free Trade Agreement border beyond Mexico to Costa Rica. And that's important in light of the economic blocs forming worldwide, including Europe now with 25 member states and a strengthening euro currency.

Q. But there's plenty of opposition to CAFTA. Some say it will mean the loss of U.S. jobs to countries with weak environmental and labor standards.

A. We're strengthening environmental and labor laws and enforcement in El Salvador and Central America.

But really, some of the debate over CAFTA is ideological, and it shouldn't be. CAFTA is an economic necessity for Central America and important for U.S. national security.

Q. But what about the question of jobs leaving the United States?

A. I can assure you the impact for the U.S. economy will be minimal in terms of jobs.

And let's not look at this from only one angle. DR-CAFTA is a big market for the United States. We buy more than $30 billion in U.S. goods a year. That's a lot of jobs created in the United States.

Q. Also opposing CAFTA is the U.S. sugar industry, including some very powerful sugar interests in Florida. They say that increased imports from CAFTA will damage the U.S. industry.

A. Central Amerca has quotas limiting the amount of sugar it can sell to the United States. And giving a bit of help to an important trade partner like Central America will have very little impact on U.S. sugar and jobs.

Q. What is Central America doing to lobby for CAFTA? I understand passage looks tough on Capitol Hill.

A. It's going to be hard, but we're doing all we can. And if it turns out that all the presidents of Central America need to come to Washington to talk to members of Congress, we're willing to do that, too.

CAFTA is very important for Central America, and in my view, Washington has to focus on Central America. It's a region that's stable, one of the most stable in Latin America.

Q. But how can a region made up of small countries, some with a few million residents, get Washington's attention, when the United States is looking mainly at Iraq and other trouble spots?

A. First, don't forget that El Salvador has troops in Iraq supporting the international coalition.

But the real issue is that Central America is very close to the United States. We can be an area of prosperous, reliable partners.

Because what's the use of worrying about Iraq, if nearby in Central America, we go back to leftist or Marxist regimes like we had with the Sandinistas in the 1980s, which represent a real problem for Washington.

If our biggest business partner doesn't pay attention to Central America, I think it will be very difficult for the region to grow.

Q. But the Bush administration in its first term paid relatively little attention to Latin America, except perhaps for questions of free trade.

A. I've found President Bush very open to talking, and I think in this second term, he'll pay more attention to Latin America. If not, the consequences could be grave.

Q. Grave in what way?

A. In terms of rising unemployment in Central America, instability of democratic governments, gangs.

Q. Tell me a bit about the gangs in El Salvador called maras. I understand they started with deportations of people from the United States who brought 'bad habits' with them.

A. The maras are a regional problem. They're not just a problem in El Salvador, but also, Nicaragua, Honduras, Guatemala, Mexico and the United States.

What happened is that more than a decade ago, the U.S. deported Salvadorans who belonged to gangs, mostly in Los Angeles. And these people began to organize in El Salvador. And we're not talking of people with "bad habits." We're talking about real criminals, rapists, people who take control over neighborhoods and extort fees to transit.

To deal with maras, there has to be an integrated solution. I call my program in El Salvador 'Hard Line-Plus.' It has three parts. First is punishment. For the dangerous criminal, there has to be a super-hard line, so it's clear that maras are bad and can land you in jail. In our first nine months in government, we've jailed 5,000, and the streets are more peaceful.

Second comes the outstretched hand for those youth who can be rehabilitated. We're building rehab camps and developing outreach policies to help those who can be helped.

And third comes the hand of friendship, which is for the vast majority. Because the fact is, of males 14 to 22 years old, just 0.53 percent are involved in gangs. That means 99 percent are doing the right thing, at school, in their studies.

I'd say the problem of the maras in El Salvador doesn't extend beyond 10,000 youth, but if they're not controlled, the consequences can be very serious. The maras already are involved with organized crime, and they could get involved with terrorism. The government of Honduras has charged that al-Qaida elements had a meeting with maras in Honduras.

Q. If it's a regional problem, what regional solutions do you suggest?

A. We can exchange information and intelligence, make the laws more uniform across countries. In El Salvador, the laws are very harsh and the people like that. I think we also need a regional summit as soon as possible to talk maras.

Q. I understand your government is seeking an extension of temporary protected status for some Salvadorans in the United States.

A. It's been approved. The U.S. government gave an extension for 18 months, and about 250,000 Salvadorans have signed up again for TPS, for which I am very thankful to Washington.

In my next visit to the White House, I plan to touch on the immigration issue. We need a permanent solution. President Bush has talked about a temporary workers program, and I think it would be interesting to take that to Congress for study and analysis. Not just El Salvador, but all Central America and Mexico, too, are interested in discussing permanent legalization, because

these residents are good people, workers who contribute to the U.S. economy and have U.S. children. It's a problem that has to be resolved.

Q. Why was TPS extended?

A. Because of the earthquakes. We're still in a recovery phase in some parts of the country for the earthquakes of 2001, and besides, when it comes down to it, TPS recognizes that the country has made enormous efforts in rebuilding and in democracy.

Q. What other efforts besides CAFTA are you undertaking to try to speed Salvador's economy?

A. First, we're trying to re-energize agriculture. Coffee prices have risen, which helps. Second, we've created a Tourism Ministry and are working to develop eco-tourism and year-round-sun vacations. Third, we're liberalizing the economy and trade, including CAFTA.

Q. So what's new is the tourism push?

A. Yes, and the agriculture programs. We're really working to bring training, credit and other programs to peasant farmers (campesinos) to reduce poverty.

We've also got an aggressive program to bring water, electricity and roads to the rural areas, with major investment, so that we can cut poverty in half over the next five years.

Q. As an oil-importing nation, are high oil prices pinching?

A. We buy about 70 percent of our oil from Ecuador and the rest on the international market.

When we pay more than $50 a barrel, and when only four years ago we paid $9 a barrel, it's truly an assault for a small economy that imports oil. We keep asking OPEC countries to boost production. Sure, we recognize there should be a fair price for producing nations, but today, we have a super, unfair price for oil buyers.

Q. And how are you dealing with growing competition from lower-cost China, especially in apparel sales to the U.S. market?

A. That's where CAFTA comes in.

In the face of a Chinese invasion, CAFTA is a kind of vaccine for Central America, especially for the apparel industry where we're losing jobs.

We can't compete head-on with China, a country with so many people who make a dollar a day.

But we have other advantages: geographic proximity to the United States, democracy.

CAFTA does more than guarantee our products duty-free entry to the United States (that China doesn't have). It also helps us attract new investment, so we can move to improve education and build a more skilled workforce. That's what we want and need.

El Salvador was the first country to ratify CAFTA. Our Congress passed it in December. Honduras and Guatemala have approved it since then.

We're hoping the Bush administration sends CAFTA to Congress as soon as possible.

The interview was conducted and translated by Business Writer Doreen Hemlock. She can be reached at dhemlock@sun-sentinel.com or 305-810-5009.

BACKGROUND

El Salvador's President Elias Antonio "Tony" Saca took office June 1, 2004, succeeding Francisco Flores, also of the conservative ARENA party.

Saca was born in 1965, in Usulutan, El Salvador, into a family that had emigrated from Palestine generations earlier.

He studied communications at Universidad de El Salvador and became a TV and radio sports commentator and radio station owner. In 1993, he founded Radio Astral, the first of nine stations in his SAMIX group.

He has been active in the ARENA party for more than 15 years, but has scant government experience.

El Salvador, a nation of 6.6 million people, ended a 12-year civil war in 1992. It now uses the dollar as its currency and depends partly on cash sent back by Salvadorans abroad to keep its economy growing.